

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Officer - Resources

Infrastructure, Regeneration & Economic Development Committee:
2 November 2022

Subject: Infrastructure, Regeneration & Economic Development Budgetary Control Report 2022/23 to Period 5 (31 August 2022)

1. Purpose

1.1 This report provides an update on the financial performance to 31 August 2022 of those services under the auspices of the Infrastructure, Regeneration & Economic Development Committee (IREC).

2. Recommendations

2.1 Members are asked to:

- i) note the contents of this report showing the revenue budget forecast to overspend against budget by £0.454m (3.53%) at the year-end, of which £0.030m is COVID-19 related, therefore the non-covid variance is currently projected at £0.424m adverse, and
- ii) note the net projected annual position in relation to relevant capital projects which is highlighting a projected variance of £14.567m (30.57%) due to slippage of £12.820m (26.91%) and an underspend of £1.747m (11.99%).

3. Background

Revenue

3.1 At the meeting of West Dunbartonshire Council on 9 March 2022, Members agreed the revenue estimates for 2022/23. A total net budget of £12.819m was approved for IREC services. Since then there have been various adjustments and some services have moved outwith the IREC remit and the revised budget is therefore now £12.876m, as follows:

	£m
Starting Position	12.819
Cost of Living Allocation	0.057
Revised Budget	12.876

- 3.2** Due to the current financial challenges facing the Council, recruitment restrictions have been implemented, and the filling of vacancies is subject to active review. For variances linked to this action (beyond the budgeted turnover targets), in year savings through not filling vacancies, will be removed from services and held in a central code. This will result in a number of favourable service variances being removed from services and held centrally. This will have no impact on the overall projected outturn of the Council, just on how that outturn is reported. Several service areas, including those covered by this report, have still to have a final position agreed with the Chief Officer, so have not been centralised as at period 5, meaning any favourable variances in relation to their vacancies are still being reported within the service figures. However this will be updated in future budget control reports.
- 3.3** With vacancy savings being removed from service budgets and transferred to a central budget, other projected overspends identified within services are now more clearly reported. This demonstrates that, if the Council were only to meet the budgeted turnover level of vacancies there would be a far more significant overspend which highlights the extent to which the Council cannot afford to operate with its current full establishment.
- 3.3** The current pay award for staff from 1 April 2022 has been agreed recently. Any cost beyond the increase assumed in the budget will be required to be funded. Scottish local authorities are working with CoSLA and the Scottish Government to ensure adequate funding is available. For the purposes of this report, it is assumed that the pay award budgeted is adequate and anything beyond that budgeted will be fully funded.

Capital

- 3.4** At the meeting of Council on 9 March 2022, Members also agreed the updated 10 year General Services Capital Plan for 2022/2023 to 2031/2032. The next three years from 2021/22 to 2023/24 have been approved in detail with the remaining years being indicative at this stage. The total project life budget approved for projects that have either commenced or are due to commence in that period total £179.698m.

4. Main Issues

Revenue Budget

- 4.1** The current budgetary position is summarised in Appendix 1. A more detailed analysis by service is given in Appendix 2. It should be noted however that this assumes a 2% pay award. In light of the most recent pay award negotiations it is likely that the actual pay award will be higher than 2%. Based on the current offer being negotiated which is around 5% the increase in cost would be an additional revenue cost of £0.887m and capital cost of £0.103m giving an overall additional cost of £0.990. Of this £0.756m will be covered by additional Scottish Government funding leaving a balance of £0.230m unfunded of which £0.171m is revenue and £0.069 is capital.

- 4.2** Of the 13 services monitored 7 are showing either a favourable or nil variance, with 6 services showing an adverse variance. Comments are shown in Appendix 3 when there are projected net annual variances greater than £0.050m and also where the net variance is below £0.050m but there are offsetting variances of over £0.050m within the service.
- 4.3** Appendix 1 shows the probable outturn for the services at £13.330m. As the annual budget is £12.876m there is currently a projected adverse variance for the year of £0.454m, of which £0.030m is COVID-19 related, therefore the non-covid variance is currently projected at £0.424m adverse.
- 4.4** Officers will continue to manage the budgets as closely as possible throughout the year and it is hoped that by tight budgetary control expenditure may be brought in on line.

Capital Budget

- 4.5** The overall programme summary report is shown in Appendix 4. Information on projects in the red category for probable underspends or overspends in-year and in total is provided in Appendices 5 together with additional information on action being taken to minimise or mitigate slippage and/or overspends where possible and detail on projects within the green category are shown in Appendix 6. The analysis shows that for the in-year planned spend there is currently a projected in-year variance of £14.567m of which £12.820m relates to project slippage and an in-year underspend of £1.747m. Officers review regularly the in-year position to consider options to maximise the effective use of capital resources
- 4.6** From the analysis within the appendices it can be seen that there are six project with forecast slippage over £0.500m, as listed as follows:

Project	Slippage £m
Vehicle Replacement	2.217
Vehicle Replacement Strategy	1.000
New West Bridgend Community Centre	1.063
LUF	5.203
Clydebank Can on the Canal	0.657
Viresco	0.750

5. People Implications

- 5.1** There are no people implications.

6. Financial Implications

- 6.1** Other than the financial position noted above, there are no financial implications of the budgetary control report. Officers are currently reviewing budgets and projections with a view to improving the position by financial year end and progress will be highlighted in future reports to committee.

7. Risk Analysis

- 7.1** The present variances should be viewed in the knowledge that there are a number of variable factors which could arise between now and 31 March and which could affect the year end results for both the revenue and capital budgets.

8. Equalities Impact Assessment (EIA)

- 8.1** The report is for noting and therefore no Equalities Impact Assessment was completed for this report.

9 Consultation

- 9.1** The views of both Finance and Legal services have been requested on this report and both have advised there are neither any issues nor concerns with the proposal. As the report is for noting no further consultation is envisaged.

10. Strategic Assessment

- 10.1** Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the five strategic priorities of the Council's Strategic Plan. This report forms part of the financial governance of the Council. This report is for noting and, therefore, does not directly affect any of the strategic priorities.

Laurence Slavin
Chief Officer – Resources

Date: 11 October 2022

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Appendices: Appendix 1 - Summary Budgetary Position (Revenue)
Appendix 2– Detailed Budgetary Position (Revenue)
Appendix 3 – Variance Analysis (Revenue)

Appendix 4 – Budgetary Position (Capital)
Appendix 5 – Variance Analysis Red Status (Capital)
Appendix 6 - Variance Analysis Green (Capital)

Background Papers: None
Wards Affected: All